



CITY OF DURHAM | NORTH CAROLINA

Date: August 7, 2012

To: Thomas J. Bonfield, City Manager

From: Donald M. Long, Solid Waste Management Director

Subject: Contract for Renting Stationary Containers

Executive Summary

When the Department of Solid Waste Management made the decision to eliminate its Stationary Container Collections Program in 2009, a Request for Proposal (RFP) was issued to solicit bids from qualified vendors to provide weekly collections for the remaining City sites and a few sites located within the Downtown Loop. Waste Industries, LLC was the vendor selected to provide these services. Since that time, the City has added additional service locations to the contract. The locations added include the downtown loop, as well as several additional City owned facilities.

Over the past four years, the City's downtown business district has grown substantially, thereby increasing the need for additional collection sites and the frequency of collections at these sites. As a result of this growth, the Department has determined that it will be more cost effective for City staff to perform this service. The Contractor is aware of the service needs for the downtown residents and both parties have agreed that the current contract should be amended to fit the needs of the City.

Recommendation

The administration recommends that the City Council authorize the City Manager to amend and restate the current contract with Waste Industries, LLC to rent fifty-five 8-yard stationary containers, at a cost of \$16,414 annually. The administration further recommends the City Manager be authorized to modify the contract if necessary prior to execution, provided the modifications do not increase the dollar amount of the contract, and the modifications are consistent with the general intent of the version of the contract approved by City Council.

Background

In May 2009, the Department of Solid Waste Management (Department) eliminated its stationary collection program. The Department issued a RFP to hire a vendor to provide weekly collection of stationary containers for the remaining City sites along with sites located within the Downtown Loop. For nearly four years, the Department has relied on Waste Industries to collect trash and recycling through the use of 8 yard stationary containers. Prior to the City reducing its stationary container services, Solid Waste Management staff completed a thorough review of the commercial collection service as part of its reengineering process. As a component of the reengineering process, it was determined that the continuation of this service was fiscally inefficient. The Department decided to eliminate the collection of stationary containers, with the exception of City-owned facilities and limited sites within the downtown loop. The Department has had to absorb the cost for this service.

Many businesses were also looking for contractors to provide recycling services that the Department was not able to provide at that time. Since that time the Department has partnered with a recycling processor and now provides single stream recycling to all businesses.

Issues and Analysis

With the growth of the downtown area and the requests for additional services by City facilities, the contracted cost has increased significantly. The City has added 8 additional collection sites and has increase the frequency of collections at many of the sites. As the downtown business continues to grow, the services needs, including the frequency of collection, will continue to increase. For the Contractor to continue to meet the service needs of the City, the contract will increase substantially. The Department can provide more efficient services, at a lower cost to the City. The Department better understands the needs of the downtown residents and can adjust collection schedules to meet those needs. The Contractor has provided a good service to the City; however, the Department I more aligned with serving the customer and can provide the same quality of service that it provides to the nearly 70,000 customers that receive trash and recycling services weekly.

Alternatives

The recommended alternative is to approve the amended and restated contract with Waste Industries, LLC to rent 8 yard stationary containers.

Another alternative, which is not recommended, is to continue to allow Waste Industries, LLC to provide stationary container services instead of City staff. However, the cost to provide the service will continue to increase.

Financial Impact

The Department originally budgeted \$47,541.00 for stationary collection services. With the additional services being provided, the cost has increased by 41%, to \$67,032, annually. The Department will be able to provide the same service internally. No additional employees, equipment or vehicles will be needed to provide the service. The Department will rent fifty-five stationary containers from Waste Industries, LLC at an annual total of \$16,414. The Department estimates fuel and maintenance costs to be \$26,000 annually (fuel, \$12,000; maintenance, \$14,000). Bringing the services in-house will generate \$24,618 in savings. The Department will realize additional revenue from the additional recycling tonnage that will be added. The recycling tonnage will generate between \$4,500 to \$7,500 annually in recycling revenue; depending on market conditions.

SDBE Summary

The Equal Opportunity and Equity Assurance Department reviewed the proposal submitted by Waste Industries, LLC and determined the company complies with the Ordinance to Promote Equal Business Opportunities in City Contracting.